

GARMAN TURNER GORDON LLP
GREGORY E. GARMAN, ESQ.
Nevada Bar No. 6654
E-mail: ggarman@gtg.legal
TALITHA GRAY KOZLOWSKI, ESQ.
Nevada Bar No. 9040
E-mail: tgray@gtg.legal
TERESA M. PILATOWICZ, ESQ.
Nevada Bar No. 9605
E-mail: tpilatowicz@gtg.legal
650 White Drive, Suite 100
Las Vegas, Nevada 89119
Telephone (725) 777-3000
Facsimile (725) 777-3112
[Proposed] Attorneys for Debtors

**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF NEVADA**

In re:
TURNBERRY/MGM GRAND TOWERS, LLC,
☒ Affects this Debtor.

Case No.: 15-13706-abl
Chapter 11

**JOINTLY ADMINISTERED UNDER
CASE NO.: 15-13706-abl**

In re :
TURNBERRY/MGM GRAND TOWER B, LLC,
☒ Affects this Debtor.

Case No.: 15-13708-abl
Chapter 11

In re :
TURNBERRY/MGM GRAND TOWER C, LLC
☒ Affects this Debtor.

Case No.: 15-13709-abl
Chapter 11

Scheduled Hearing:
Date: August 31, 2015
Time: 9:30 a.m.

**DECLARATION OF DR. KENNETH W. WILES IN SUPPORT OF THE MOTION FOR
ORDER AUTHORIZING MAINTENANCE OF PREPETITION BANK ACCOUNTS**

I, Dr. Kenneth W. Wiles, hereby declare as follows:

1. I, through my wholly owned entity Andare Corp, am the manager of
Turnberry/MGM Grand Towers, LLC (the "Tower A Debtor"), a Nevada limited liability

1 company, Turnberry/MGM Grand Tower B, LLC (the “Tower B Debtor”), a Nevada limited
2 liability company, and Turnberry/MGM Grand Tower C, LLC (the “Tower C Debtor,” and
3 together with the Tower A Debtor and the Tower B Debtor, the “Debtors”), a Nevada limited
4 liability company, debtors-in-possession.

5 2. Except as otherwise indicated, all facts set forth in this declaration are based upon
6 my personal knowledge of the Debtors’ operations and finances, information learned from my
7 review of relevant documents, and information supplied to me by other members of the Debtors’
8 management and the Debtors’ various business and legal advisors.

9 3. I make this declaration in support of the *Motion for Order Authorizing*
10 *Maintenance of Prepetition Bank Accounts* (the “Motion”).¹ If called upon to testify as to the
11 content of this Declaration, I could and would do so.

12 4. The Debtors are developers of high-rise condominium towers commonly referred
13 to as The Signature Towers. The Signature Towers consist of three towers referred to as “Tower
14 A,” “Tower B,” and “Tower C,” each containing 576 units, for a total of 1,728 units.

15 5. The Signature Towers’ condominium units were sold to individual owners who at
16 all times could and can use their units in any manner they chose, including, but not limited to
17 renting out their units or residing in their units full time.

18 6. The Debtors are each Nevada limited liability companies, created to develop the
19 three Signature Towers. Each Debtor has two members: (1) a member that is affiliated with
20 Turnberry group of entities (“Turnberry”), and (2) a member affiliated with MGM Resorts
21 International (“MGM”). Each member has a 50% economic interest in the particular Debtor.
22 Specifically, Turnberry/Harmon Ave. LLC and MGM Grand Condominiums, LLC are the
23 members of the Tower A Debtor; Turnberry/Harmon Ave. B LLC and MGM Grand
24 Condominiums II, LLC are the members of the Tower B Debtor; and Turnberry/Harmon Ave. C
25 LLC and MGM Grand Condominiums III, LLC are the members of the Tower C Debtor. Each
26 Debtor was formerly managed by the Turnberry-affiliated member.

27
28 ¹ All capitalized terms not defined herein are as defined in the Motion.

7. Prior to and since the Petition Date, Andare Corp (“Andare”),² which is my solely owned company,³ is, and has been, the independent manager for each of the Debtors. Andare has broad managerial powers and independent control over the Debtors. In fact, neither of Debtors’ members has authority to replace Andare as Debtors’ manager except upon (i) my death, incapacity, or resignation from Andare; (ii) Andare’s resignation as Debtors’ manager; or (iii) for cause based on the gross negligence, willful misconduct, or breach of any obligation of Andare under its Engagement Letter as determined by a final, non-appealable order of a court of competent jurisdiction.

8. At the time of the initial sale of units within The Signature Towers (approximately 2004-2006), the Las Vegas real estate market was extremely active, with significant increases in real estate prices being realized on an annual (and in many cases, monthly or quarterly) basis.

9. Shortly after the completion of the third Signature Tower, the “Great Recession” struck, pummeling Las Vegas’ economy and devastating the city’s real estate market. The Debtors were among its many victims.

10. After prices of Las Vegas real estate declined dramatically, with condominium units being particularly hard hit, and hotel occupancy rates plummeting in what has been one of the worst economic declines in the past century, a number of individuals and entities who had purchased unites in The Signature Towers filed suit seeking to rescind their real estate contracts, alleging the condominium units were sold to them as “securities.” Since then, litigation has been pursued in Nevada’s Eighth Judicial District Court, the Nevada Federal District Court, the Nevada Supreme Court, this Court, the Ninth Circuit Court of Appeals, and the United States Supreme Court.

11. In 2004 and 2005, Debtors caused Bank of America to issue the following letters of credit for which ACE is the beneficiary: (i) on September 27, 2004, the Tower A Debtor

² Andare is a corporate financial advisory, valuation, restructuring, expert witness and consulting firm. The firm engages with senior management teams and Boards of Directors to drive operational improvements and apply new working methods to underperforming or distressed companies.

³ My extensive experience and independence is discussed in detail in my declaration filed at ECF No. 23.

caused Bank of America, N.A. ("Bank of America") to issue letter of credit number 3065725 in the amount of \$1,262,400, which letter of credit had a balance of \$869,220 on the Petition Date; (ii) on December 1, 2005, the Tower B Debtor caused Bank of America to issue letter of credit number 3078832 in the amount of \$568,080, which letter of credit had a balance of \$568,080 on the Petition Date; and (iii) on November 21, 2005, the Debtor Tower C caused Bank of America to issue letter of credit number 3065725 in the amount of \$1,161,700, which letter of credit had a balance of \$62,700 on the Petition Date (collectively, the "LOCs").

12. On the Petition Date, Debtors collectively had four bank accounts with Bank of America. Three of these accounts are restricted certificate of deposit accounts that secure the LOCs, being the accounts ending in 3855, 7300, and 0390, which had account balances on the Petition Date that are consistent with the balances of the LOCs (collectively, the "LOC Accounts").

13. Debtors propose to maintain the LOC Accounts post-petition as they are restricted, secure the LOCs, and it would be impractical and unnecessarily administratively burdensome on Debtors to open alternate accounts that satisfy ACE and Bank of America.

14. The fourth pre-petition account held at Bank of America is an operating account ending in 7101 (the "Pre-petition Operating Account"), which was the account from which Debtors issued checks and paid expenses pre-petition. After the Petition Date, the Pre-Petition Operating Account was closed and Debtors opened a debtor-in-possession account at Wells Fargo Bank, N.A. (the "DIP Account"). The DIP Account will be the account that Debtors use for receiving all income and financing and paying all expenses.

I declare under penalty of perjury of the laws of the United States that these facts are true to the best of my knowledge and belief.

DATED this 30th day of July, 2015.


DR. KENNETH W. WILES